



Republican Policy Committee

Don Nickles, Chairman Kelly Johnston, Staff Director 347 Russell Senate Office Building (202)224-2946

May 23, 1995

Clinton's "Raid" on Social Security

- Senate members of the President's party are expected to offer an amendment to the budget resolution (S. J. Res. 13) that would remove the so-called Social Security "surplus" from calculations of the federal budget deficit.
- Advocates of the amendment say that it is needed to prevent the use of this "surplus" to "mask" the true size of the federal deficit.
- But the amendment would actually mask, and perpetuate, President Clinton's use of money earmarked for Social Security for purposes unrelated to Social Security.
- This year alone, President Clinton will use \$69 billion in money designated for Social Security for other purposes. That amounts to:
 - \$5.8 billion per month.
 - \$189 million per day.
 - \$1.3 billion per week.
 - \$7.9 million per hour.
- No President has ever diverted that much money earmarked for Social Security in any year.
- In the budget he submitted to Congress in February, President Clinton proposed to continue this practice through the remainder of the decade.
- Under the Clinton budget, the total amount of Social Security money used for non-Social Security purposes between fiscal years 1993 and 2000 would total \$591 billion, according to the Congressional Budget Office (CBO).

Taking Social Security "Off Budget" Does Not Protect It

- The amendment to remove the Social Security "surplus" from federal deficit calculations would not halt this diversion of Social Security money; nor would any amendment that purports to take the Old Age, Survivors and Disability Insurance (OASDI) fund "off budget."

- In 1994, the Democrat-controlled House Ways and Means Committee explained why taking the "trust fund" (or OASDI) "off budget" does not protect the program.

"The trust funds are given IOUs when [Social Security payroll] taxes are received by the Treasury, and these IOUs are taken back when the Treasury makes expenditures on the program's behalf. This handling of OASDI finances goes back to the inception of the program and *has not been altered by the inclusion or exclusion of the OASDI trust funds in or from the federal budget.*

"In effect, whether or not OASDI is counted as part of the federal budget, OASDI taxes will continue to be deposited in the federal treasury and the trust funds will continue to receive credit for them as they are collected. . . . *Since surplus OASDI taxes are deposited in the federal treasury, there is no way of knowing their ultimate use.*"
[House Ways and Means Committee Green Book, 1994, p. 91; emphasis added.]

Balancing the Budget is the Only Way to Protect Social Security

- Thus, proposals to "protect" Social Security by taking OASDI "off budget" do nothing to protect the program. They affect the way the deficit is calculated, but they do not affect the way funds earmarked for Social Security are used.
- The only way Congress can protect Social Security is to require government to get its financial house in order.
- The Senate budget resolution (S. Con. Res. 13), by reducing the deficit and requiring a balanced federal budget by 2002, offers the best way to protect Social Security and to make sure that government keeps its promises to today's seniors and tomorrow's retirees.

See chart, attached.

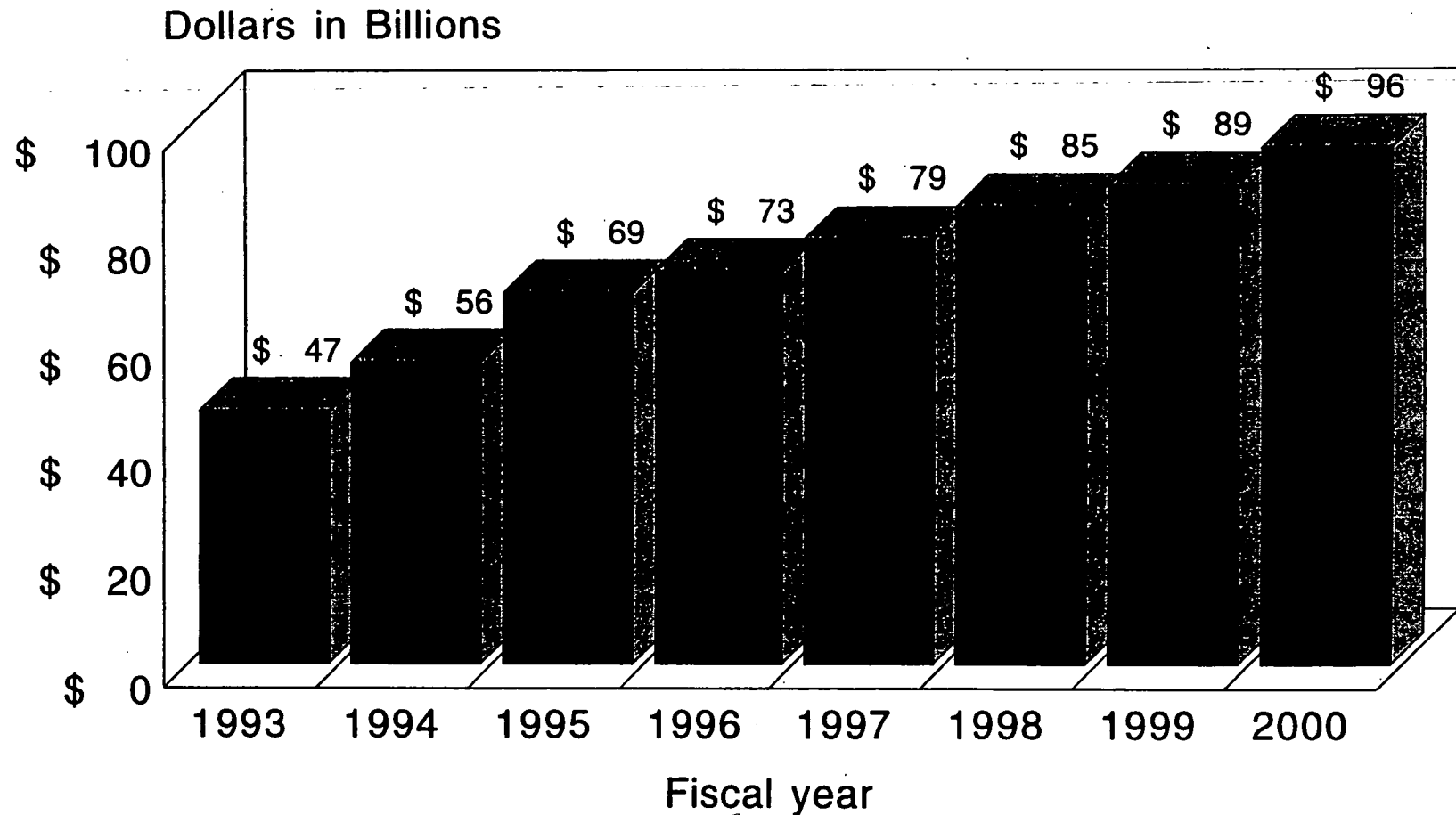
[For a more detailed examination of how the Social Security trust fund works, see RPC paper, "The Feinstein Amendment: The *Real* Threat to Social Security," issued February 2, 1995.]

Staff Contact: Doug Badger, 224-2946

Clinton's "Raid" on Social Security

OASDI Funds Used for Non-Social Security Purposes

[Fiscal Years 1993-2000]



Sources: CBO, House Ways and Means Committee

Note: Figures for years after 1994 reflect CBO's estimate of the effects of the President's budget.